

**PUBLIC SERVICE COMMISSION
STATE OF MONTANA**

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April 12, 1996

Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington DC 20554

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RE: CC Docket No. 96-45

Dear Sir:

Enclosed for filing in the above described docket are the Comments of the Montana Public Service Commission. I have enclosed the original and six copies (annotating two copies as "Extra Public Copy"). Please return a conformed copy of this letter. I have enclosed a self-addressed stamped envelope for your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen Finstad Hammel".

Karen Finstad Hammel
Staff Attorney

KH/dlp

Enclosures

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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of
Federal-State Joint Board on
Universal Service.

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FCC 96-93

CC Docket No. 96-45

COMMENTS OF THE
MONTANA PUBLIC SERVICE COMMISSION

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Karen Finstad Hammel
Staff Attorney
Montana Public Service Commission
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SUMMARY

The Montana Public Service Commission has joined in the comments written by the Maine and Vermont commissions and submits these separate comments in addition to those comments. Total combined pages are within the 25-page maximum allowed by the Commission for each commenter.

COMMENTS

Introduction by the Commenting State:

The Montana Public Service Commission (Montana Commission or MPSC) is statutorily responsible for establishing just and reasonable rates, charges and practices for public utilities within the state of Montana. The Montana Commission is therefore a "State commission" as that term is used within the Telecommunications Act of 1996 (1996 Act). *See, e.g.,* 1996 Act, §§ 101(a), 251(e), and 252(b). The Montana Commission supports the universal service principles expressed in the 1996 Act and appreciates the opportunity to comment on the FCC's implementation of these principles.

The FCC's Universal Service programs have effectively promoted the development of telecommunications infrastructure in high cost areas while keeping local rates affordable. MPSC believes these or similar programs must remain in place if adequate and affordable local service and present subscribership levels are to remain constant or increase in the future.

The Montana Commission is concerned about any changes that would directly or indirectly increase the basic cost of "local" calling. MPSC recommends that any changes the Commission makes to current high-cost support mechanisms that would create significant adverse end-user rate or carrier revenue impacts be implemented over a transition period. This approach would allow for a thorough evaluation of the effects of any changes, and would further allow time for those involved to react appropriately.

In addition to the following comments, the MPSC strongly endorses the comments prepared by the Maine and Vermont State commissions, and has submitted those comments jointly with Maine, Vermont, New Hampshire, West Virginia, New Mexico, Utah, and Nebraska. The following comments do not restate any of the positions in the jointly-filed comments, but provide additional positions on behalf of the Montana Commission while remaining within the 25 page limit.

Support for Rural, Insular, and High-Cost Areas and Low-Income Consumers

The 1996 Act states:

Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are *reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.*

Telecommunications Act of 1996, Section 254(b)(3).

MPSC recommends that the definition of "universal service" should include a reasonably adequate local calling area in order for such consumers to have affordable access to telecommunications and information services that are "reasonably comparable to those services provided in urban areas," as referenced in § 254(b)(3), 1996 Act. In many regions of Montana, local calling areas are not adequately sized to provide consumers with the ability to make local calls to schools, health care providers, local government offices, businesses, and other necessary services. Subscribers in these exchanges pay toll charges for calls that are local in nature and within their community areas. In return for paying a reasonable rate for local exchange service, customers should have the capability of making calls within their "communities of interest" without incurring additional toll charges.¹

Universal service support has been successful in keeping rates affordable for local exchange service in Montana's rural areas, but in many of these areas, subscribers are still paying extremely high costs for the basic level of "local" calling that is required in today's society. It is the availability and

¹ The Commission's March 8, 1996, Notice of Proposed Rulemaking and Order Establishing Joint Board (NPRM) in this Docket notes that recent studies indicate that disconnection for non-payment of toll charges, and the high deposits carriers charge to cover the cost of noncollectible charges, may be more significant barriers to universal service than the cost of local service itself. *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, NPRM, Paragraph 56.

affordability of this basic level of local calling that is the core of the concept of "universal service." In these rural areas, the focus should be shifted to reducing subscribers' total costs of calling within their communities of interest. Support should be made available to enable telecommunications providers in these areas to offer affordable calling within the larger community of interest and not just within existing local exchange boundaries which are often isolated small units geographically distant from most of the places they need to call on a routine basis to carry on their daily lives.

Support for Low-Income Consumers.

The Montana Commission recommends that assistance to low income customers be made as automatic as possible. For example, any persons or households who participate in programs such as Food Stamps, Aid to Families with Dependent Children, the Low-Income Home Energy Assistance Program, etc., should automatically be enrolled in the Lifeline program.

CONCLUSION

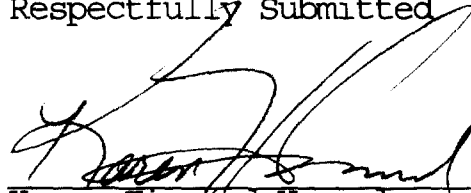
In summary, the Montana Commission supports a definition of "universal service" which incorporates a level of local calling which is necessary to subscribers in their geographic location. The MPSC further urges the Commission to provide a mechanism to automatically include eligible consumers in low-income assistance telecommunications programs. The MPSC appreciates the opportuni-

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ty to participate in this inquiry and anticipates filing more extensive reply comments in this matter.

Respectfully Submitted

A handwritten signature in black ink, appearing to read "Karen Finstad Hammel", written over a horizontal line.

Karen Finstad Hammel
Staff Attorney

Montana Public Service Commission
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Dated: April 12, 1996

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Comments of the Montana Public Service Commission, CC Docket No. 96-45, has today been served on the attached list by mailing a copy therefor to each party.

Date: April 12, 1996

Charles L. Pellegrini
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